

Pensions and Retiree Healthcare

Pensions - Net pension liabilities of the primary government totaled \$3.6 billion. This amount is the combined liability for six defined benefit plans covering State employees and the State's proportionate share of the net pension liability for teachers - \$1.4 billion.

Plan fiduciary net position as a % of the total pension liability

ERS - State employees	52.5%
ERS - Teachers	54.3%
SPRBT - State Police	83.6%
SPRFT - State Police	8.9%
JRBT - Judges	92.8%
RIJRFT - Judges	4.2%

The net pension liability is the **accounting** measure of pension liabilities which differs from measurements used to determine the actuarially determined annual contributions to each plan. The pension liability is net of amounts accumulated for future benefits at the measurement date. Plan net position as a percentage of total pension liability for the plans at the June 30, 2018 measurement date is shown in the table.

The State contributed \$300.6 million in fiscal 2019 as employer contributions to the defined benefit pension plans which included \$102.2 million as the State's share for teachers. The net investment return on assets within the defined benefit pension plans was approximately 6.5% for fiscal 2019.

Assets of the defined contribution plan, part of the hybrid pension benefit structure, totaled \$1.0 billion at June 30, 2019.

OPEB - Six defined benefit OPEB plans provide retiree healthcare benefits for State employees including certain electing teachers and Board of Education employees.

The net OPEB liability (asset) is the **accounting** measure of OPEB liabilities and assets which differs from measurements used to determine the actuarially determined annual contributions to each plan.

Plan fiduciary net position as a % of the total OPEB liability

State employees	26.3%
Teachers	95.6%
State Police	53.2%
Judicial	341.0%
Legislators	190.9%
Board of Education	38.6%

The OPEB liability or asset is net of amounts accumulated for future benefits at the measurement date. Plan net position as a percentage of total OPEB liability for the plans at the June 30, 2018 measurement date is shown in the table.

State employer contributions to the OPEB plans totaled \$50.3 million.

The State of Rhode Island's Fiscal 2019 Comprehensive Annual Financial Report (CAFR) prepared by the Office of Accounts and Control—Department of Administration—includes government-wide financial statements that encompass all the State's financial activity for the year, as well as individual fund level financial statements and notes thereto.

The CAFR includes the *Independent Auditor's Report* of the Auditor General resulting from the annual audit of the State's financial statements required by General Law section 35-7-10.

Management's Discussion and Analysis explains key highlights and changes between fiscal years 2019 and 2018.

Required Supplementary Information (RSI) provides summarized budget to actual comparison schedules for the State's General Fund and Intermodal Surface Transportation Fund. RSI also provides important trend information on the net pension liabilities and net OPEB liabilities (assets) and employer contributions to the various pension and OPEB (retiree healthcare) plans covering employees.

The State's CAFR has received the GFOA's *Certificate of Achievement for Excellence in Financial Reporting Award* for fiscal years 2011 through 2018 and will be submitted again for fiscal 2019.



The full CAFR is available on the Office of Accounts and Control and Auditor General websites:

http://controller.admin.ri.gov/documents/Financial%20Reports/121_Comprehensive%20Annual%20Financial%20Report_06-30-2019.pdf



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State of Rhode Island Comprehensive Annual Financial Report

Fiscal year ended June 30, 2019

State of Rhode Island Comprehensive Annual Financial Report

Fiscal year ended June 30, 2019



Gina M. Raimondo, Governor

Department of Administration
Michael DiBiase, Director of Administration
Office of Accounts and Control
Peter B. Keenan, CPA, State Controller

2019

Highlights from the State's Fiscal 2019 Audited Financial Statements

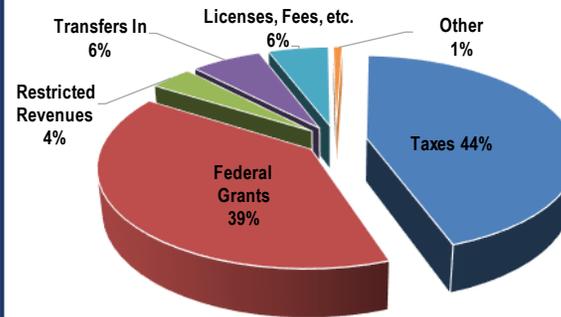
Prepared by
Office of the Auditor General

CAFR Highlights - Fiscal 2019

- The Auditor General issued an unmodified opinion on the State's fiscal 2019 financial statements concluding that the financial statements are fairly presented in accordance with U.S. generally accepted accounting principles.
- Fund balance of the General Fund totaled \$371 million at June 30, 2019, of which \$25.5 million has been appropriated in support of the 2020 budget, and \$5.0 million is available for future appropriation.
- The budget reserve or "rainy day" fund is fully funded at \$203.9 million as required by Constitution and statute. Additionally, \$96.9 million is available in the RI Capital Plan Fund (RICAP) for future capital projects.
- Government-wide net position (deficit) of the primary government increased by \$102.4 million reducing the net deficit to (\$265.5) million at June 30, 2019. \$3.5 billion represents the State's net investment in capital assets (net of related debt). \$1.4 billion is restricted for specific purposes leaving an unrestricted net deficit of (\$5.2) billion.
- Net pension liabilities totaled \$3.6 billion for both State employees and the State's proportionate share of the net pension liability for teachers.
- Net OPEB liabilities totaled \$500.6 million and Net OPEB assets totaled \$4.4 million. For two OPEB plans, a net OPEB asset results from plan assets exceeding the total OPEB plan liability.
- Capital assets of the primary government, net of accumulated depreciation, totaled \$4.6 billion at June 30, 2019, of which \$2.3 billion were infrastructure assets. Construction in progress totaled \$464 million, mostly for infrastructure projects.
- The fund balance of the State's IST fund, which accounts for transportation activity, decreased by \$91.9 million to \$323.8 million reflecting the use of bond proceeds issued in a prior year for significant transportation projects.
- New truck tolls totaling \$7.3 million have been collected to date for transportation projects.
- The State disclosed various contingencies related to litigation, federal program compliance, and other issues within the notes to the financial statements.

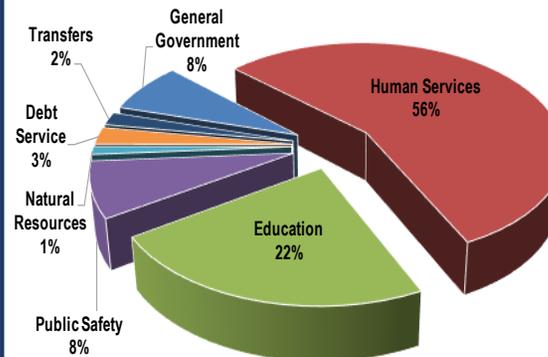
General Fund Operations

General Fund Revenues and Other Sources



- Tax revenues totaled \$3.2 billion in fiscal 2019, an increase of 3.1% over fiscal 2018.
- Transfers in are mostly Lottery transfers which totaled \$397.3 million, an increase of \$32.3 million compared to fiscal 2018.
- Federal revenues totaled \$2.8 billion, an increase of \$82.1 million over fiscal 2018.

General Fund Expenditures and Transfers



- Expenditures and transfers totaled \$7.2 billion, an increase of \$207.6 million or 3.0% over fiscal 2018. General government expenditures increased 5.7%. Debt service decreased 5.2%.
- General Fund revenues and other sources exceeded expenditures and transfers by \$8.5 million for fiscal 2019.

Transportation Operations

The following summarizes the fiscal 2019 activity in the Intermodal Surface Transportation (IST) Fund used to account for the State's transportation related activity.

Revenues and other sources:	(in millions)
Taxes	\$ 240.1
Federal grants	287.3
Transfers from RICAP	43.5
Fees	32.0
Other	12.0
Total	\$ 614.9
Expenditures and transfers:	
Maintenance and Infrastructure capital outlay	\$ 544.8
Debt service	63.4
Transfers to RIPTA - Gas Tax	47.5
Transfers (primarily to General Fund for debt service)	51.1
Total	706.8
Decrease in fund balance	\$ (91.9)

Long-Term Debt

Primary gov't long-term liabilities were \$7.5 billion at June 30, 2019. Other governmental beginning liabilities were restated to include an asset retirement obligation consistent with a new accounting standard.

	Changes in Long-Term Liabilities (in millions)			
	Beginning	Additions	Decreases	Ending
Governmental				
Bonds payable	\$ 2,680.8	\$ 251.2	\$ (185.3)	\$ 2,746.7
Net pension liability	3,625.3	4.6	(0.1)	3,629.8
Net OPEB liability	511.6		(15.0)	496.6
Other *	352.9	124.2	(113.9)	363.2
Total	\$ 7,170.6	\$ 380.0	\$ (314.3)	\$ 7,236.3
Business-Type				
Bonds payable	\$ 234.5		\$ (11.8)	\$ 222.7
Net pension liability	16.9	0.3		17.2
Net OPEB liability	3.9			3.9
Other	8.2	1.1		9.3
Total	\$ 263.5	\$ 1.4	\$ (11.8)	\$ 253.1
Total	\$ 7,434.1	\$ 381.4	\$ (326.1)	\$ 7,489.4